

**System Transformation Initiative**  
**Budget Language**  
October 17, 2006

From Legislative Final 2006 Supplemental Operating Budget Agency Detail Reports

*11. System Transformation Initiative:*

*Funds are provided to begin a comprehensive transformation in the delivery of public mental health services for people with severe and persistent mental illness. As provided in both Substitute Senate Bill 6793 and Substitute House Bill 3081, the strategy clearly defines state hospital and Regional Support Network (RSN) responsibilities with regard to people who require short and long-term care; emphasizes the use of evidence-based practices; funds the phased-in development and ongoing support of community-based alternatives to state psychiatric hospitalization; links the receipt of community funding to achievement of negotiated performance objectives; holds RSNs accountable for managing state hospital admissions and discharges within established bed allocation targets; and holds the state hospitals accountable for admitting people who need intensive long-term care on a timely basis, and for effectively supporting their recovery and return to the community. The two key components of the strategy include (1) opening five additional wards at Eastern and Western State Hospitals on a temporary basis, at a cost of \$29 million this biennium and \$31 million next; and (2) providing \$3.2 million this biennium for initial development of new community program approaches which, when fully operational next biennium, will cost approximately \$34 million, and will permit phased closure of the wards that are being opened this biennium. Other elements of the system transformation include preparation of a plan for expanding community housing options for people with persistent mental illness; development of a utilization review system to assure people receive appropriate levels and durations of inpatient care; a comprehensive review of the state's involuntary commitment statute and system; and a study of alternative approaches to establishing Medicaid managed care rates, with particular emphasis upon approaches that emphasize defined benefits levels and risk adjustment. (General Fund-State, General Fund-Federal, General Fund-Private/Local)*

**Budget Provisos From ESSB 6386 Section 204(1)**

*(i) \$3,238,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department and regional support networks to contract for development and initial implementation of high-intensity program for active community treatment (PACT) teams, and other proven program approaches which the department concurs will enable the regional support network to achieve significant reductions during fiscal year 2008 and thereafter in the number of beds the regional support network would otherwise need to use at the state hospitals.*

*(j) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall average 222 per day throughout fiscal year 2007. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall average 727 during the first quarter of fiscal year 2007, 757 during the second quarter of fiscal year 2007, and 777 during the third and fourth quarters of fiscal year 2007. During fiscal year 2007, the department shall not separately charge regional support networks for use of state hospital beds for short-term commitments, or for persons served in the program for adaptive living skills (PALS), but the days of care provided for such commitments and in the PALS program shall count against the regional support network's state hospital allocation. The legislature intends to authorize separate charges for the PALS program beginning in January 2008.*